LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6129
BILL NUMBER: HB 1055

NOTE PREPARED: Jan 28, 2008
BILL AMENDED: Jan 28, 2008

SUBJECT: Assignment of Benefits.

FIRST AUTHOR: Rep. Brown C
FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill specifies requirements concerning health benefit payments under an assignment of benefits.

Effective Date: July 1, 2008.

Explanation of State Expenditures: *Summary.* This bill would have an impact on expenditures if an insurer or health maintenance organization (HMO) experiences an increase in administrative costs associated with the provisions and the insurer or HMO passes the costs on to the state or local government. The specific impact is indeterminable.

Background: The bill provides that if a health benefit contract provides that benefits are payable to a provider that has entered into an agreement with the insurer or HMO, then benefits are payable under the contract to a provider that has not entered into an agreement with the insurer or HMO if the covered individual has assigned benefits to the provider.

The provider must provide to the insurer or HMO written notice of the assignment of benefits. An insurer or HMO that receives notice from a provider must make benefit payments directly to the provider and send written notice of the payment to the covered individual.

An insurer or HMO that does not comply must pay 7% interest, compounded daily, accruing from the day after the benefit payment was due, on all amounts that are unpaid 30 days after the insurer or HMO receives documentation necessary to determine payment.

If a provider gives notice of the assignment of benefits to the insurer or HMO, the insurer or HMO makes a benefit payment to the covered individual, and the provider notifies the insurer or HMO that the provider has not received the benefit payment, the insurer or HMO must make the benefit payment to the provider not more than 30 days after receiving notice of the misdirected payment.

If a provider gives notice of the assignment to the insurer or HMO, and there is a good faith dispute regarding the legitimacy or amount of the claim, the insurer or HMO must provide notice of the dispute to the provider not more than 14 days after the insurer or HMO receives the claim.

The above provisions would have an impact on expenditures if the insurer or HMO experiences an increase in administrative costs associated with the above provisions and the insurer or HMO passes the costs on to the state or local government. The specific impact is indeterminable.

Explanation of State Revenues:

Explanation of Local Expenditures: See *Explanation of State Expenditures*.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: Local units with health benefit coverage for employees.

Information Sources:

Fiscal Analyst: Bernadette Bartlett, 317-232-9586.